

ADVISORY OPINION 93-027

Any advisory opinion rendered by the registry under subsection (1) or (2) of this section may be relied upon only by the person or committee involved in the specific transaction or activity with respect to which the advisory opinion is required. KRS 121. 135(4).

November 10, 1993

Mr. Patrick M. Poor
Advantage Communications, Inc.
P.O. Box 7178
Riverside, California 92513

Dear Mr. Poor:

Thank you for contacting the Registry. Based on the information you have provided, the facts to your question may be stated as follows:

You represent Advantage Communications, Inc. ("ACI"). Your company sells discounted long distance telephone services through agents, including various state political parties. If a state political party or other entity signs a contract with your organization, the party or entity will receive a commission on discount phone services purchased by its members and supporters.

Based on the facts you provided, your question can be stated as follows:

May a Kentucky state political party enter into a business arrangement with ACI in which the political party will offer ACI long distance telephone discount services to its members and supporters and the state political party will receive a commission for its efforts when a member or supporter subscribes to the ACI service?

The answer to your question is a qualified yes. As you point out, Section 150 of the Kentucky Constitution, KRS 121.025, and KRS 121.035 prohibit corporate contributions or corporate value advanced to influence an election. Because the state political parties in Kentucky transfer funds to political candidates and expend funds in support of political candidates, any money commission a Kentucky state political party general bank account. While a state political party could enter into the arms length business transaction you describe, it could only use the profits from the transaction for administrative expenses. Therefore, any commission money it received would have to be deposited into a separate, segregated bank account designated for administrative expenses only. (See enclosed Kentucky Registry of Election Finance Advisory Opinion 93-008.)

This opinion is based upon the course of action outlined in your letter. If you should have any more questions, please give us a call. Thank you.

Sincerely,

Timothy E. Shull
General Counsel

TES/dt